

EXHIBIT 1

INTRODUCTION

Respondent L.A. City and County School Employees Union, Local 99 C.O.P.E. (the “Committee”) was a state general purpose recipient committee sponsored by the L.A. City and County School Employees Union, Local 99. At all times relevant to this matter, Respondent Janett L. Humphries was the treasurer for Respondent Committee.

Under the authority of the Political Reform Act (the “Act”),¹ the Franchise Tax Board (the “FTB”) audited Respondent Committee’s activities during the period January 1, 1997 through December 31, 1998. During this audit period, Respondent Committee received contributions totaling \$202,820, and made expenditures totaling \$284,586.

Respondent Committee, having legally qualified as a recipient committee, was required under the Act to file certain campaign statements and reports disclosing the contribution and expenditure activity of Respondent Committee. Respondents committed seven violations of the Act by making seven late independent expenditures and failing to disclose those late independent expenditures in properly filed late independent expenditure reports. Respondents also failed to timely file a supplemental independent expenditure report in November, 1997, thereby committing an additional violation of the Act. Additionally, Respondents failed to disclose \$5,300 in contributions on Respondent Committee’s second pre-election campaign statement for the June 2, 1998 election, thereby committing an additional violation of the Act. Finally, Respondents committed an additional violation of the Act by making a late contribution in October 1998, and failing to disclose that late contribution in a properly filed late contribution report.

For the purposes of this Stipulation, Respondents’ violations of the Act are stated as follows:

COUNT 1: Respondents L.A. City and County School Employees Union, Local 99 C.O.P.E. and Janett L. Humphries failed to timely file a late independent expenditure report, by the November 5, 1997 due date, disclosing independent expenditures aggregating \$1,307.02 made on behalf of candidate Victoria Castro during the late contribution reporting period, in violation of Section 84204, subdivision (a).

¹ The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code unless otherwise indicated. The regulations of the Fair Political Practices Commission appear at California Code of Regulations, Title 2, sections 18109-18996. All regulatory references are to Title 2 of the California Code of Regulations.

- COUNT 2: Respondents L.A. City and County School Employees Union, Local 99 C.O.P.E. and Janett L. Humphries failed to timely file a late independent expenditure report, by the November 7, 1997 due date, disclosing independent expenditures aggregating \$1,675.91 made on behalf of candidate Victoria Castro during the late contribution reporting period, in violation of Section 84204, subdivision (a).
- COUNT 3: Respondents L.A. City and County School Employees Union, Local 99 C.O.P.E. and Janett L. Humphries failed to timely file a late independent expenditure report, by the November 8, 1997 due date, disclosing independent expenditures aggregating \$1,175.13 made on behalf of candidate Victoria Castro during the late contribution reporting period, in violation of Section 84204, subdivision (a).
- COUNT 4: Respondents L.A. City and County School Employees Union, Local 99 C.O.P.E. and Janett L. Humphries failed to timely file a late independent expenditure report, by the November 12, 1997 due date, disclosing independent expenditures aggregating \$1,242.71 made on behalf of candidate Victoria Castro during the late contribution reporting period, in violation of Section 84204, subdivision (a).
- COUNT 5: Respondents L.A. City and County School Employees Union, Local 99 C.O.P.E. and Janett L. Humphries failed to timely file a late independent expenditure report, by the November 15, 1997 due date, disclosing independent expenditures aggregating \$1,941.65 made on behalf of candidate Victoria Castro during the late contribution reporting period, in violation of Section 84204, subdivision (a).
- COUNT 6: Respondents L.A. City and County School Employees Union, Local 99 C.O.P.E. and Janett L. Humphries failed to file a late independent expenditure report, by the November 18, 1997 due date, disclosing independent expenditures aggregating \$1,147.46 made on behalf of candidate Victoria Castro during the late contribution reporting period, in violation of Section 84204, subdivision (a).
- COUNT 7: Respondents L.A. City and County School Employees Union, Local 99 C.O.P.E. and Janett L. Humphries failed to timely file a supplemental independent expenditure report, by November 6, 1997, for the reporting period October 5, 1997 through November 1, 1997, in violation of Section 84203.5, subdivision (a).

- COUNT 8: Respondents L.A. City and County School Employees Union, Local 99 C.O.P.E. and Janett L. Humphries failed to file a late independent expenditure report, by the January 12, 1998 due date, disclosing independent expenditures aggregating \$1,106.18 made on behalf of candidate Gilbert Cedillo during the late contribution reporting period, in violation of Section 84204, subdivision (a).
- COUNT 9: Respondents L.A. City and County School Employees Union, Local 99 C.O.P.E. and Janett L. Humphries failed to disclose contributions of \$100 or more in the Committee's second pre-election campaign statement for a June 2, 1998 special election, in violation of Section 84211.
- COUNT 10: Respondents L.A. City and County School Employees Union, Local 99 C.O.P.E. and Janett L. Humphries failed to disclose a \$5,000 contribution to the "Yes on Measure R" Committee, in a properly filed late contribution report, by the October 20, 1998 due date, in violation of Section 84203, subdivision (a).

SUMMARY OF THE LAW

An express purpose of the Act, as set forth in Section 81002, subdivision (a), is to ensure that the contributions and expenditures affecting election campaigns are fully and truthfully disclosed to the public, so that voters may be better informed, and improper practices may be inhibited. To that end, the Act sets forth a comprehensive campaign reporting system designed to accomplish this purpose of disclosure.

Duty to File Campaign Statements

Section 82013, subdivision (a) defines a "committee" as any person or combination of persons who directly or indirectly receive contributions totaling one thousand dollars (\$1,000) or more in a calendar year. This type of committee is commonly referred to as a "recipient" committee. Under Section 82027.5, subdivision (a), a recipient committee that is formed or exists primarily to support or oppose more than one candidate or ballot measure is a "general purpose committee". A "state general purpose committee," under Section 82027.5, subdivision (b), is a committee that exists to support or oppose candidates or measures voted on in a state election, or in more than one county.

Any person or persons who constitutes a committee, pursuant to section 82013, subdivision (a), is required to file late independent expenditure reports, supplemental independent expenditure reports and late contribution reports as provided in sections 84204, 84203.5 and 84203, respectively. Under section 82013, and Regulation 18404, subdivision (b), a recipient committee's filing obligations continue in effect, until such time as that committee is legally terminated. Section 84214 and Regulation 18404, subdivision (b) provide that a recipient committee is not legally terminated until the committee's treasurer files a termination statement

on behalf of the committee, declaring that all of the pre-conditions for termination have been met.

Section 84215, subdivision (a) requires all state general purpose recipient committees to file the committee's campaign statements with the office of the Secretary of State, the Registrar-Recorder of Los Angeles County and with the Registrar of Voters of the City and County of San Francisco.

As a general purpose recipient committee, Respondents had a duty to file certain reports disclosing campaign expenditures made by Respondent Committee, as addressed below.

Duty to File Late Independent Expenditure Reports

Section 82031 defines an "independent expenditure" as an expenditure made by any person in connection with a communication which expressly advocates the election or defeat of a clearly identified candidate or the qualification, passage, or defeat of a clearly identified measure, or taken as a whole and in context, unambiguously urges a particular result in an election, but which is not made to, or at the behest of, the affected candidate or committee. Under Section 82036.5, a late independent expenditure includes any independent expenditure which totals in the aggregate one thousand dollars (\$1,000) or more, and is made for or against any specific candidate or measure involved in an election, during the 16 days immediately prior to the election in which the candidate or ballot measure is being voted on.

Under Section 84204, subdivision (a), a committee making a late independent expenditure must file a late independent expenditure report disclosing the independent expenditures within 24 hours of making the expenditure.

Duty to File Supplemental Independent Expenditure Reports

Under Section 84203.5, subdivision (a), candidates and committees that make independent expenditures of five hundred dollars (\$500) or more are required to file supplemental independent expenditure reports at the same time and the same place where the candidate or committee on whose behalf the independent expenditure was made, would be required to file.²

Section 84200.5, subdivision (c) requires that all candidates and their controlled committees, for an election that is not being held in June or November of an even-numbered year, shall file pre-election campaign statements according to a schedule set forth at Section 84200.8. Subdivision (a) of Section 84200.8 requires candidates and their controlled committees to file a first pre-election statement no later than forty days before the election, disclosing contributions and expenditures occurring up to forty-five days before the election. Subdivision (b) of Section 84200.8 requires candidates and their controlled committees to file a second pre-

election statement no later than twelve days before the election, disclosing contributions and expenditures occurring between forty-five and seventeen days before the election.

² Section 84203.5 was amended in 2000, effective January 1, 2001, raising the independent expenditure threshold from \$500 to \$1,000. Because the violations in this case (failure to file) occurred in prior to January 1, 2001, the \$500 independent expenditure threshold is applicable.

Duty to Disclose Campaign Contributions

Section 84211 prescribes the required contents of campaign statements. Under Section 84211, subdivision (j)(5)³, for any expenditure which is a contribution of one hundred dollars (\$100) or more made to a candidate, the campaign statement must include the full name of the candidate and the district or office for which he or she is seeking nomination or election, the amount of the contribution, the date of the contribution, and the jurisdiction in which the candidate is being voted upon.

Section 84200.5, subdivision (d) requires state general purpose recipient committees involved in an election held on the first Tuesday after the first Monday in June of an even-numbered year must file pre-election campaign statements according to a schedule set forth at Section 84200.7, if the committee makes contributions or independent expenditures totaling five hundred dollars (\$500) or more during the period covered by the pre-election statement.

Section 84200.7, subdivision (a)(1) requires recipient committees to file a first pre-election campaign statement for the period ending March 17, no later than March 22. Section 84200.7, subdivision (a)(2) requires that for the second pre-election period ending 17 days before the election, a second pre-election statement shall be filed no later than 12 days before the election.

Duty to File Late Contribution Reports

Under Section 84203, subdivision (a), when a committee makes or receives a late contribution, the committee must disclose the contribution in a late contribution report that must be filed within 24 hours of making or receiving the contribution. Section 82036 defines a “late contribution” as a contribution aggregating \$1,000 or more that is received before an election, but after the closing date of the last pre-election campaign statement. Under Section 84200.7, subdivision (b), for an election held in June or November of an even-numbered year, the late contribution period covers the last 16 days before the election. For an election not held in June or November of an even-numbered year, Section 84200.8, subdivision (b), dictates that the late contribution period covers the last 16 days before the election.

Treasurer Liability

Section 81004, subdivision (b), Section 84100, and Regulation 18427, subdivision (a), require a committee’s treasurer to ensure that the committee complies with the requirements of the Act concerning the receipt and expenditure of funds, and the reporting of such funds. Pursuant to Sections 83116.5 and 91006, a committee’s treasurer may be held jointly liable, along with the committee, for any reporting violations committed by the committee.

³ This code reference is to the subdivision as it existed in 1998 at the time of the subject violation. Section 84211 was amended in 2000, and these requirements are now embodied in subdivision (k)(5) of that same section.

SUMMARY OF THE FACTS

Respondent L.A. City and County School Employees Union, Local 99 C.O.P.E. was a state general purpose recipient committee sponsored by the Los Angeles City and County School Employees Union, Local 99. At all times relevant to this matter, Respondent Janett L. Humphries was the treasurer of Respondent Committee.

COUNTS 1-6

Failure to Timely File Late Independent Expenditure Reports

As Respondent L.A. City and County School Employees Union, Local 99 C.O.P.E. was a state general purpose recipient committee, Respondents had a duty to file late independent expenditure reports, disclosing, within 24 hours, the late independent expenditures that they made. The late reporting period for the 46th Assembly District special election, held on November 18, 1997, was November 2, 1997 through November 17, 1997.

Prior to the November 18, 1997 46th Assembly District special election, Respondents made six late independent expenditures aggregating \$1,000 or more on behalf of Victoria Castro, a candidate on the ballot for the 46th Assembly District special election, and failed to file late independent expenditure reports disclosing those expenditures.

Respondents filed five late independent expenditure reports with the Secretary of State for independent expenditures made between November 2 through November 14, 1997, after the close of business on November 17, 1997. Accordingly, the five late independent expenditure reports were date stamped and accepted as filed by the Secretary of State on November 18, 1997, the day of the special election. Furthermore, Respondents did not file a late independent expenditure report for the late independent expenditures made on November 16 and November 17, 1997.

The independent expenditures that Respondents made, and the dates by which they were required to be disclosed in late independent expenditure reports, is set forth below:

Count	Independent Expenditure Date(s)	Candidate / Measure	Aggregate Independent Expenditure Amount	Date Report Due	Date Report Received by SOS ⁴
1	11/2/97 – 11/4/97	Victoria Castro	\$1,307.02	11/5/97	11/18/97
2	11/5/97 – 11/6/97	Victoria Castro	\$1,675.91	11/7/97	11/18/97
3	11/7/97	Victoria Castro	\$1,175.13	11/8/97	11/18/97
4	11/10/97 – 11/11/97	Victoria Castro	\$1,242.71	11/12/97	11/18/97
5	11/12/97 – 11/14/97	Victoria Castro	\$1,941.66 ⁵	11/15/97	11/18/97
6	11/16/97 – 11/17/97	Victoria Castro	\$1,147.46	11/18/97	Not Filed

⁴ Secretary of State (SOS).

⁵ Respondents filed a late independent expenditure report for this period, reporting an independent expenditure in the amount of \$1,115.95. Respondent's actual independent expenditure was underreported by \$825.70.

By failing to timely file late independent expenditure reports disclosing six late independent expenditures, as set forth above, Respondent committed six violations of Section 84204, subdivision (a).

COUNT 7

Failure to Timely File a Supplemental Independent Expenditure Report

Prior to the November 18, 1997 46th Assembly District special election, Respondents made \$4,936.17 in pre-election independent expenditures, and failed to file a supplemental independent expenditure report disclosing those expenditures. As Respondents made expenditures of \$500 or more prior to the November election to support a single candidate, Respondents were required to file a supplemental independent expenditure report with the Secretary of State no later than November 6, 1997, for the second pre-election reporting period of October 5, 1997 through November 1, 1997.

Respondents filed two supplemental independent expenditure reports with the Secretary of State on November 24, 1997 for incorrect first and second pre-election reporting periods. By failing to timely file a supplemental independent expenditure report disclosing the independent expenditures, as set forth above, Respondents committed a violation of Section 84203.5, subdivision (a).

COUNT 8

Failure to File a Late Independent Expenditure Report

As Respondent L.A. City and County School Employees Union, Local 99 C.O.P.E. was a state general purpose recipient committee, Respondents had a duty to file late independent expenditure reports, disclosing, within 24 hours, the late independent expenditures that were made by Respondent Committee. The late reporting period for the January 13, 1998 special runoff election for the 46th Assembly District was December 28, 1997 through January 12, 1998.

Prior to the January 13, 1998 election, Respondents made two independent expenditures during the late contribution period, to Gilbert Cedillo, a candidate in the January 13, 1998 special runoff election for the 46th Assembly District, that aggregated over \$1,000, and failed to file a late independent expenditure report disclosing the expenditures. Respondents made the two independent expenditures on January 10, 1998 and January 11, 1998, in the aggregate amount of \$1,106.36. Respondents had a duty to file a late independent expenditure report by January 12, 1998 disclosing these independent expenditures and failed to do so.

By failing to file a late independent expenditure report disclosing late independent expenditures, as set forth above, Respondents committed a violation of Section 84204, subdivision (a).

COUNT 9

Failure to Disclose Campaign Contributions

As Respondent L.A. City and County School Employees Union, Local 99 C.O.P.E. was a

state general purpose recipient committee that made contributions of \$500 or more during the second pre-election reporting period, Respondents had a duty to file a second pre-election campaign statement, disclosing contributions made by Respondent Committee during the second pre-election reporting period prior to the June 2, 1998 election. The second pre-election campaign statement was due by May 21, 1998, for the reporting period March 18, 1998 through May 16, 1998.

Respondents made four contributions totaling \$8,300 during the second pre-election reporting period prior to the June 2, 1998 election, and failed to disclose two of these contributions, totaling \$5,300, on the Committee's second pre-election campaign statement.

By failing to disclose pre-election campaign contributions on Respondent Committee's second pre-election campaign statement, Respondents committed a violation of Section 84211, subdivision (j)(5).

COUNT 10

Failure to File a Late Contribution Report

On October 19, 1998, prior to the November 3, 1998 election, Respondent Committee made a late contribution of \$5,000 to "Yes on Measure R," a bond measure regarding the Torrance Unified School District. As a recipient committee and as treasurer, Respondents had a duty to file a late contribution report, disclosing, within 24 hours, any late contribution that they had made. The late contribution reporting period for this election was October 18, 1998 through November 2, 1998. Respondents failed to file a late contribution report disclosing the \$5,000 contribution to the Yes on Measure R committee within 24 hours of making the late contribution.

By failing to file late a contribution report disclosing a \$5,000 late contribution, as set forth above, Respondents committed a violation of Section 84203, subdivision (a).

CONCLUSION

This matter consists of ten counts, which carry a maximum possible administrative penalty of Twenty Thousand Dollars (\$20,000).

In this matter, Respondents L.A. City and County School Employees Union, Local 99 C.O.P.E. and Janett L. Humphries failed to timely file multiple campaign statements regarding contributions and independent expenditures made in 1997 and 1998. Respondents maintain that the violations at issue in Counts 1-10 were inadvertent and unintentional. Furthermore, Respondents assert that each contribution and independent expenditure at issue in this matter was disclosed on subsequent timely filed reports and campaign statements. In an effort to avoid similar violations in the future, Respondents have retained professional services to assist them with future campaign reporting. Finally, Respondents L.A. City and County School Employees Union, Local 99 C.O.P.E. and Janett L. Humphries do not have a history of any prior enforcement action being taken against them.

Under the Enforcement Division's Streamlined Late Contribution Enforcement Program, the

approved administrative penalty for failing to timely disclose a late contribution is 15 percent of the amount of the undisclosed contributions. While the violations in Counts 1-6 and 8 involve late independent expenditures, rather than late contributions, the 24-hour reporting requirement is identical and therefore a similar administrative penalty is appropriate. Considering the aggravating circumstance that the failure to disclose numerous independent expenditures in a special election until the actual day of the election withheld time sensitive information from voters, and the mitigating factor that this violation appears to be inadvertent, an administrative penalty approximating the 15 percent penalty is appropriate.

Regarding Count 7, the typical stipulated administrative penalty for failing to file a supplemental independent expenditure report has historically ranged from \$1,000 to \$2,000 per statement. As this violation appears to be inadvertent, imposition of an administrative penalty approximating the middle of the penalty range is appropriate.

Regarding Count 9, the typical stipulated administrative penalty for failing to properly disclose campaign contributions on required campaign statements has historically ranged from \$1,000 to \$2,000 per statement. As this violation appears to be inadvertent, imposition of an administrative penalty approximating the middle of the penalty range is appropriate.

Regarding Count 10, under the Enforcement Division's Streamlined Late Contribution Enforcement Program, the approved administrative penalty for failing to timely disclose a late contribution is 15 percent of the amount of the undisclosed contributions. Although this case has been excluded from the Program, due to Respondent's additional reporting violations, the late contribution reporting violation in this case appears to be inadvertent, so imposition of a penalty approximating that standard penalty is appropriate.

Accordingly, the aforementioned facts, as well as the fact that certain campaign contributions and expenditures at issue were reported in subsequent campaign filings, justify the imposition of the agreed upon penalty of Five Thousand Five Hundred Dollars (\$5,500).